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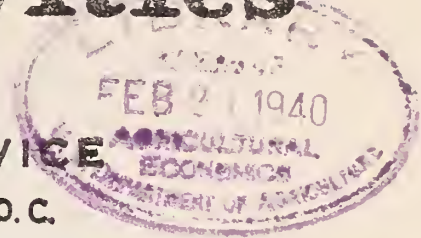
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Marketing Activities

ISSUED MONTHLY BY

AGRICULTURAL MARKETING SERVICE

U. S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.



February 1940

Vol. 2, No. 2

EFFICIENT AGRICULTURE THREATENED BY INTERSTATE BARRIERS TO TRADE

. By Edgar L. Burtis
and
Frederick V. Waugh

Colonial agriculture could not support a high standard of living because it was a self-sufficient type of production. As the years went by, it was gradually realized that efficiency in production, processing, transportation, and marketing was an indispensable element in a sound agricultural program. The relatively high degree of efficiency that is the main strength of agriculture in the United States today would be impossible without specialization by regions.

This regional specialization was dictated by economic laws. New England, for example, found it more profitable to specialize in milk production--buying grain and meat from areas in the West where they could be produced more cheaply. The center of hog production gradually moved from near the Atlantic seaboard out to Illinois and Iowa. Great "belts" developed--a wheat belt, a corn belt, a cotton belt, a dairy belt; each located where climate, soil, and other natural conditions were suitable.

Trade Barriers Menace to Specialization

But in recent years this kind of specialization, and its resulting efficiency, has been seriously menaced by State protectionism, as manifested by interstate trade barriers. Most States are involved and most farm products. Regulation of motortrucks and merchant truckers, for example, has become so rigid that it interferes with the efficient transportation of farm products. The danger of economic provincialism is inherent in the trend toward the advertising of State-grown products within the boundaries of the State. Nonuniform grades among the States are a potential source of trade interference. And municipal milk regulations, especially in the big metropolitan areas, often limit the producing area to the nearby "milk shed."

Early in 1939, Secretary of Agriculture Wallace commented on this problem as follows: "It was thought that the Constitution insured free trade between the States. Today we cannot say we have free trade between the States. It develops that public health and sanitation measures may be so designed as to restrict trade across State lines. The

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Special Articles in This Issue

Efficient Agriculture Threatened	
By Interstate Barriers to Trade	
By - Edgar L. Burtis & Frederick V. Waugh..	Page 1
What Kinds of Cotton Do Mills Prefer?	
By - J. W. Wright.....	Page 5
Good Crops From Good Seeds	
By - W. A. Davidson.....	Page 7
Cooperation in Action	
By - H. F. Fitts.....	Page 16

same may be said of certain tax laws, of motortruck regulation, of quarantines, of grading, labeling and packaging laws, and of State-financed advertising of farm products. However worthy the purpose of most of these laws and regulations, in many cases they have been so drawn and administered as to cause large and unnecessary losses in the whole community."

Regulated but "Free"

This does not mean that all marketing regulations are undesirable. Many kinds of regulations are necessary. But, to quote from a special report of the Department of Agriculture--"Barriers to Internal Trade in Farm Products:"

"Each State and each market in each State admits any healthful and honestly described products from any part of the country without any kind of discrimination on account of the location of the producer or dealer, and the various State governments and the Federal Government cooperates in the development of laws and regulations that are as simple as possible and as uniform as possible in order that a shipment that is acceptable in one market will also be acceptable in any other market in the country."

This is about what economists mean by the phrase "free trade," which does not mean "unregulated trade." Food inspection, grades and standards, quarantines, and similar regulations promote freedom of trade. If properly written and administered they make it easier and cheaper for the producer to sell in a distant market. Unfortunately many State laws and regulations on these and similar subjects have been written or administered in such a way as to penalize certain groups of producers by making it difficult or impossible for them to sell in their natural markets.

Trade barriers also go directly contrary to the goal of providing consumers with foods and fibers at prices low enough to enable the public

to buy adequate diets and clothing. When a market is cut off partially or wholly from some of its sources of supply, either the price of the commodity in question will go up, the volume of supplies will be reduced, or both things may happen. In any one of these cases the consumer suffers. Families with low incomes will suffer most because food and clothing are involved, rather than luxury articles that they could do without. Not only are consumers harmed, but farmers fail to benefit. Although certain groups of farmers may gain, their gains are balanced by the losses suffered by the farmers who are shut out of the market.

Editor's Note: Mr. Burtis and Dr. Waugh, economists for the Bureau of Agricultural Economics, are well-known in the field of marketing and transportation research. They, together with Dr. George R. Taylor, now of Amherst College, were largely responsible for the thorough analysis of State protectionism which appeared in a widely-read report of the Department of Agriculture--"Barriers to Internal Trade in Farm Products."

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MARKETING AGREEMENT PROPOSED FOR CALIFORNIA CAULIFLOWER

Through a proposed marketing agreement and order, interstate shipments of cauliflower produced in California could be adjusted to market requirements. Public hearings on this proposal, requested by growers and shippers representing a majority of the production and shipments in the Santa Maria Valley, have been held at San Jose and Santa Maria.

The proposed program would provide for: Limitation of shipments of cauliflower by grades and sizes when conditions warrant; Federal-State inspection during regulatory periods; limitation of daily shipments during an established regulation period; and administration of the program by an Administrative Committee of 7 producer members and alternates and 3 handler members and alternates to be selected by the Secretary of Agriculture from nominees chosen by the industry.

If the plan is tentatively approved by the Secretary of Agriculture, following the evidence brought out at the hearings, a referendum will be held among growers on the issuance of the order which would make the terms of the agreement applicable to all handlers. At the same time, the proposed agreement would be submitted to handlers for their signatures. The proposed marketing agreement and order can be placed in effect if at least two-thirds of the growers voting in the referendum, by number or by volume of cauliflower produced, cast ballots in favor of the order and if the agreement is signed by handlers of at least 50 percent of the volume of cauliflower shipped in interstate commerce from California.

Statistics of the Agricultural Marketing Service show that California produced more than half of the commercial cauliflower marketed in the United States in 1939.

Though outside the field of marketing, the following article appealed to us as being interesting and informative.--Editor

WEATHER BUREAU NOT ALL WET

Two floating Weather Bureau stations on Coast Guard cutters in mid-Atlantic have been authorized by President Roosevelt, the Treasury Department and the Department of Agriculture announced recently. Two Coast Guard vessels, the DUANE and BIBB, will leave Norfolk, Virginia early in February to take their positions--one-third and two-thirds of the distance between Bermuda and the Azores. Each cutter will carry its usual complement of about 125 officers and men, plus three Weather Bureau men. It is expected that each ship will be relieved by other cutters at 4-week intervals.

Every 6 hours of the 24-hour day, beginning at about 3:30 a.m., the Bureau men will radio weather information to the Coast Guard station at Fort Hunt, Virginia. From there it will come by teletype to the Weather Bureau office in Washington, D. C. This information will be based on weather observations taken every 3 hours, upon pilot balloon observations of the upper air taken every 6 hours, and upon weather observations taken hourly by the Coast Guard cutters. Weather information also is collected from other ships at sea.

A radiosonde observation up to 50,000 feet also will be taken each morning at about 3:00 a.m. The radiosonde, a miniature broadcasting station weighing less than two pounds, is sent aloft attached to its carrier balloon. This robot weather observer sends back signals which give temperature, air pressure, and humidity at all heights reached by the balloon.

These ocean observations from the Coast Guard cutters will be of great value to the Weather Bureau in making its four daily "maps", especially along the Atlantic Coast. Since last fall, when war began and ships of nearly every European nation ceased sending weather information, the Bureau has been seriously handicapped in making forecasts of value to ocean commerce, to trans-Atlantic planes, and to agriculture.

The idea of floating ocean weather stations is not new, but the need became great when the war virtually dried up information from ships at sea. Nearly 2 years ago the French established a ship, the CARIMARE, west of the Azores at approximately the point where one of the Coast Guard cutters will be stationed. This vessel, which gathered and broadcast weather information similar to that which will come from the Coast Guard cutters, was withdrawn when war came.

In assuming this latest duty in charting weather conditions of the mid-Atlantic, the Weather Bureau and the Coast Guard are expanding a service that was inaugurated and perfected in the international ice patrol duty off the Grand Banks of Newfoundland.

WHAT KINDS OF COTTON DO MILLS PREFER?

. By J. W. Wright

Much has been done the past few years to improve the quality of American cotton. Last season, farmers in more than 1,600 cotton-growing communities were members of cotton improvement organizations sponsored by State and Federal agencies. But this improvement program, to be successful, must be based on adequate information relative to the needs and preferences of cotton manufacturers.

The Agricultural Marketing Service has undertaken a special study of cotton consumption by domestic mills. This study includes: (1) the development of information relative to qualities of cotton used and qualities preferred by manufacturers for various types of products; (2) the requirements and practices of manufacturers with respect to standards of quality used in the purchase of raw cotton, and (3) their experiences and preferences relative to the form in which the cotton is delivered to them.

Though the study is only in the preliminary stage, it is indicated that the information being developed will prove mutually advantageous to cotton growers, marketing agencies, and spinners. Growers will be provided with a basis for adjusting their program of production from the standpoint of mill demand. Spinners will benefit by having available the qualities of cotton required for best results in manufacturing various types of products. The resulting adjustment of qualities produced to mill demand will facilitate the marketing process. It is anticipated that the agencies sponsoring the cotton improvement program and service activities in cotton marketing will be aided materially in their work by having available an adequate factual basis with respect to the mill demand situation.

Preliminary findings emphasize the need for such a study. In some instances, mills found that as a result of the cotton improvement program they could no longer use local cotton for the products they manufacture; they had to find new sources of supply in more distant areas. Other mill operators have adjusted their manufacturing processes to the qualities produced under the improvement program and have found it advantageous to do so.

These experiences indicate that as the cotton improvement program continues to broaden in scope to include a substantial proportion of the crop, there is a very definite need for guidance in order to avoid maladjustments between qualities of cotton produced and qualities used or preferred by manufacturers. The study now under way is designed to provide a factual basis for such guidance.

(Editor's Note: Mr. Wright is Senior Agricultural Economist in charge of cotton market organization, marketing methods, and costs investigations for the Agricultural Marketing Service.)

NEW JERSEY FARM BUREAU DISAPPROVES PROPOSED PHILADELPHIA MARKET PLAN

Expressing disapproval of plans advanced by "a small minority" of Philadelphia produce dealers for improvement of that city's ancient Dock Street market, the New Jersey Farm Bureau has called for the establishment in the Quaker City of a modern, public-financed market which would be administered under governmental authority. The Bureau's position was made clear in the adoption of two resolutions during the organization's annual meeting held in connection with New Jersey's Agricultural Week.

The first resolution criticised proposals of the Wholesale Market Improvement Association, sponsor of a recently announced plan for market improvement in Dock Street, Philadelphia. The Farm Bureau described the Association as being made up, in the main, of Dock Street property owners whose plan offers no promise "of effecting fundamental improvements long needed in Philadelphia's disgraceful and inefficient produce marketing facilities." Dock Street property owners, according to the Farm Bureau, are proposing "some widening of certain streets, and various patchwork measures."

The Farm Bureau resolution served notice on the Wholesale Market Improvement Association that "its so-called rehabilitation program is unacceptable to New Jersey growers because it fails to get down to fundamentals." It urged farmers of this and other States to continue cooperative efforts with Philadelphia civic groups, consumer organizations, and interested dealers to the end that "we shall have rehabilitation in fact as well as in name" in the Philadelphia produce market.

In its second resolution, directed to New York City as well as to Philadelphia, the Farm Bureau in effect said that several years' efforts on the part of farmers and produce dealers had failed "to solve present unsatisfactory conditions." Development through private enterprise of adequate facilities in the two cities, it was asserted, "appears impossible." The resolution asked for further studies on the part of the U. S. Department of Agriculture, Rutgers University, and Pennsylvania State College as a means of determining how adequate markets, to be financed with public funds and operated as self-liquidating ventures, could be set up.

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BRITISH COTTON QUOTA 100,000 BALES MONTHLY

This Government has been informed that, effective February 1, British ships sailing from United States ports would be allotted space for 100,000 bales of American cotton monthly, but that this quota would not apply to cotton contracts made prior to January 4, 1940, for which freight already has been booked in neutral ships. The quota of 100,000 bales will remain in effect through September 1940.

GOOD CROPS FROM GOOD SEEDS

. By W. A. Davidson

Though it wasn't his usual practice, John Smith took a chance one day and bought a few bushels of timothy seed from a trucker-salesman. The trucker was a personable chap--a smooth talker. His seed, he argued, was just as good as the merchandise of the big companies who were compelled to charge high prices to cover advertising costs. By selling direct from producer to consumer, he went on, he was able to offer seed of a comparable quality at about half the price. It sounded reasonable enough to Farmer Smith; and the seed certainly looked all right.

Smith learned too late that his purchase was anything but a "bargain." The low germinating qualities of the seed produced a very thin "stand." But worst of all, along with the timothy, he had growing in the field an exceptionally vigorous crop of Canada thistles. As he ruefully thought of the hours he must spend to rid his farm of this weed, his thoughts were decidedly un-Christian.

That was back in 1935, and Smith's complaint was only one of many that reached the Department of Agriculture. But that agency had decided that the interstate commerce clause of the old Federal Seed Act of 1912 was unenforceable. Though numerous evidences of violations were found, the score card showed that no convictions had been obtained. Other problems, such as imported seeds and the lack of correct labeling, were also vexations to reputable seedsmen.

Needed--A New Law

It was obvious that more comprehensive legislation was needed; a seed law with a full complement of teeth. Beginning June 1937, the American Seed Trade Association, State seed officials, and other interested agencies worked with the Department of Agriculture to obtain such legislation--a law embodying some new principles of seed marketing regulation. The combined work of the various agencies was well done. The new Federal Seed Act, passed in August 1939, leaves none of the loopholes which vitiated the effectiveness of the old law.

The new act requires, for example, that seeds moving in interstate commerce be completely and correctly labeled, in order to prevent misrepresentation. It requires certain standards for imported seeds. It restricts the importation of screenings and noxious weed seeds, and precludes the importation of seeds unfit for seeding purposes. It further restricts the movement of noxious weed seeds in interstate commerce on the basis of the requirements of the States into which the seed is shipped. It prohibits false advertising in interstate commerce.

Even a casual reading of the act's provisions shows that the legitimate interests of all the John Smiths have been measurably safeguarded. At the same time, it is recognized that certain classes of farmers are not in a position to discriminate as wisely as they should. In other words, it is not possible to protect the buyers of seeds from every pitfall; he must exercise some discretion for his own protection.

The provisions of the new act, as they pertain to agricultural seeds in interstate commerce and imported seeds, became effective on February 5, but the provisions pertaining to vegetable seeds do not become effective until one year after the date of enactment--on August 9, 1940.

Let the Seller be Fair

Now that part of the new legislation is already in effect, the seed trade is naturally interested in the administration of the law. What must the old established seed company do to comply with the provisions of the new Federal Seed Act? How will it affect the trucking of seeds? What effect will the act have upon seed advertising? A great many of these broad questions are answered by the rules and regulations which may be obtained by writing to the Agricultural Marketing Service, Washington, D. C. Questions pertaining to specific cases not made clear by the regulations will be answered if addressed to the same agency. And such questions are welcome since they help the officials charged with administering this act to obtain a clearer picture of the problems that will eventually be met.

The label, which is required on all seeds moving in interstate commerce, is the weapon by which the act and the regulations are enforced. Practically all the seed shipped in interstate commerce which is completely and correctly labeled in compliance with State seed laws meet the requirements of the Federal Seed Act. But those shippers of seed in interstate commerce who have not completely and truthfully labeled their seed, and those shippers who have not taken due precautions to assure correct representations, will find it necessary to alter their practices materially in order to comply with the law.

Particularly affected by the labeling provision are those producers who move seed directly to consumers by truck across State lines. Such agricultural seed is now required to be completely and truthfully labeled. Effective control will require the fullest cooperation on the part of the persons within the State to whom the itinerant trucker of seeds usually proceeds. If the trucker's seed is not correctly labeled, it is hoped that seed dealers and farmers will refuse to purchase. At the same time, the identity of the trucker should be reported to State seed officials so that further investigations may be made.

Record Requirements

The act requires that each person who transports or delivers for transportation agricultural seeds in interstate commerce shall keep for a period of 3 years a complete record of the origin, germination, and purity of such seeds. In general, this necessitates the keeping for a period of 3 years a record of all transactions pertaining to each lot of seed, any portion of which has been shipped in interstate commerce. The records include information received and issued, certain samples, and the record of tests, bulking, and cleaning that took place while the seed was in the possession of the shipper.

All labeling as to origin of alfalfa, red clover, and corn, other than hybrid corn, shall be supported by records traceable to a declaration of origin. The declaration of origin may be issued by a country shipper if the seed is purchased locally. If purchased locally the country shipper should retain a copy of his declaration of origin and attach to it a list of the persons from whom he bought the seed and the amount and the date of the purchases. If seed is purchased directly from a grower not within the vicinity of the buyer, a declaration of origin should be obtained from the grower and should be retained by the original buyer. If the origin of the seed is unknown, there shall be records traceable to evidence that a declaration as to origin was not obtainable.

Advertising Must be Truthful

The act states that it shall be unlawful for any person to disseminate or cause to be disseminated any false advertising concerning seed, by the use of the United States mails or in interstate or foreign commerce, in any manner or by any means, including radio broadcasts. Advertising is construed to include all representations, other than those on the label, and false advertisement is construed to mean statements that are false or misleading in any particular. This provision might be considered too restrictive in that advertising may be true under certain conditions and misleading under other conditions or in other localities. In administering the Federal Seed Act, this fact will be recognized. It is hoped that seedsmen will also recognize the same fact.

Despite the tremendous improvement in the representations made in seed catalogs during recent years, catalogs should be reviewed periodically to avoid any possible misunderstanding of the statements by potential purchasers of the seed. One firm, for example, quoted certain publications citing the comparative value of a forage crop. The quotations had been used in the catalog for over 30 years--so long that the firm had no record of the source of the quotations. Though these statements were undoubtedly true at the time they were made, subsequent changes had taken place in the value of forage crops, and the representations in the catalog were utterly misleading.

The import requirements of the new Federal Seed Act apply to all agricultural seeds and vegetable seeds as defined by the Act. The pure live seed requirements are increased from 65 percent to 75 percent, and the weed seed restrictions are decreased from 3 percent to 2 percent. Tolerances are required to be recognized by the wording of the act so the added restrictions as to pure live seed and weed seed percentage are really not appreciable.

The act restricts imports of seed containing noxious-weed seeds. These noxious-weed seeds have been named to be white top, Canada thistle, dodder, quackgrass, Johnson grass, bindweed, Russian knapweed, perennial sowthistle, and leafy spurge. Though the Secretary has authority to add to this list of weeds, no additions are being made at the present time.

(Editor's Note: Mr. Davidson is in charge of the enforcement of the Federal Seed Act, administered by the Agricultural Marketing Service.)

BIG NEW YORK PRODUCE MARKET

"ANTIQUATED", SPECIALIST SAYS

New York City is the world's largest market for fresh fruits and vegetables, Wendell Calhoun states in *The Agricultural Situation*. The 212,000 carloads received last year from 42 States and many foreign countries make this market in every sense of national importance. And three-fourths of the total supply is handled through the great Washington Street Market, in the shadows of the towering skyscrapers of lower Manhattan.

Calhoun describes this "antiquated" market, ill-adapted to present-day conditions. With most streets only 30 feet wide, motortrucks must stand parallel to the curb. Deliveries from stores to trucks are made chiefly by porters using small hand trucks. Tender and highly perishable vegetables, handled so carefully all the way from farm or orchard, are wheeled off the curb with a thud, and then jiggled along cobblestone streets. Speedy motortrucks and arterial highways assure quick delivery to the market, but the market itself has failed to keep pace with modern developments. The cramped quarters and poor facilities lead to long hours of tedious and costly delays.

A complete, centrally located produce market in New York, with adequate space and modern facilities, built on land of moderate cost, could effect savings of several million dollars in the annual bill for distribution of fruits and vegetables, over and above the amortization of construction costs, Calhoun says. Conditions in the market are of very real concern not only to local wholesalers, jobbers, and retailers, but to many thousands of growers throughout the country, millions of consumers in the New York area, railroads, trucking companies and others. All of these interests have a large stake in the market, a definite interest in its efficient operation, and a real concern in efforts to improve upon existing conditions.

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"POTATO TRAIN" WILL DEMONSTRATE

MARKETING METHODS IN NORTH CAROLINA

A railroad exhibit to demonstrate proper methods of marketing Irish potatoes will be presented in the upper coastal counties of eastern North Carolina the week of February 12. The traveling exhibit is being arranged for by the Extension Service and the U. S. and State Departments of Agriculture, in cooperation with the Norfolk Southern Railroad.

The "Potato Train" is part of a campaign to stimulate interest among growers in improved methods of handling, packing, and shipping potatoes, and in proper grading of the vegetables. Each of the three exhibit cars will be a coach equipped for the showing of sound motion pictures illustrating potato marketing. Another car will carry a large grading machine and specimens of properly and improperly packed potatoes, together with other exhibit material. A third car, and possibly a fourth, will be used to show the latest type carrier used by railroads to transport potatoes to the eastern markets.

RECENT COLD SPELL PROVES VALUE OF "SPOT NEWS" REPORTS

The unusual cold weather which has damaged vegetable crops in southern areas has provided a practical test for the up-to-the-minute truck crop news program inaugurated January 1 by the Agricultural Marketing Service. Since the cold spell started on January 18, four releases have been issued on current conditions. These releases have been as specific as possible in commenting on anticipated damage. Until the weather moderates and further danger of damage is passed it is planned to continue the collection and release of this special information.

A number of field and terminal market offices of the fruit and vegetable market news service report that the prompt release of freeze damage information is very much commended throughout the industry. Some offices report that they have almost been swamped by requests for timely news. In addition to supplying telephone inquiries, the releases are being included in mimeographed reports mailed direct to growers and dealers. The news is further disseminated by the radio and by the press.

Prior to the inauguration of this special service, the Washington offices were frequently deluged by inquiries for the kind of information that is now being furnished. Often no information was available. In an effort to strengthen this service, several officials of the Agricultural Marketing Service made an extended trip through the South last fall to enlist the cooperation of State officials.

The new program of timely damage reports is only part of a comprehensive plan of keeping in touch with current developments in the field of producing and marketing vegetable and fruit crops. (See "The 1940 Truck Crop News Program"--Marketing Activities, January 1940.)

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The Commodity Credit Corporation has announced that through January 26, loans made by the Corporation and lending agencies under the 1939 corn loan program aggregate \$50,521,211.01 on 88,646,040 bushels.

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STATE LEGISLATURES DEFEATED 60 TRADE BARRIER BILLS IN 1939

The 1939 sessions of the State legislatures defeated approximately 60 bills which would have erected new interstate trade barriers to the sale of farm products, according to Dr. Frederick V. Waugh of the Bureau of Agricultural Economics. The solution of the trade barrier problem, Dr. Waugh says, seems to be through joint efforts of Federal and State officials to work out cooperative solutions to these problems of marketing.

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VEGETABLE CROPS DAMAGED BY FREEZE BUT NO SHORTAGE SEEN

Citizens of the Deep South made a concerted rush for their red flannels in late January as icy temperatures whistled out of the North. In some localities of Georgia, Alabama, Mississippi, Arkansas, and Texas, the thermometer dropped to zero--breaking old January records. Below-freezing temperatures were reported in every section of the country east of the Rocky Mountains.

Tender vegetables--snap beans, tomatoes, peppers and eggplant--were destroyed. Strawberries and citrus fruits were seriously damaged. But the hardy vegetables such as lettuce, cabbage, carrots, beets, and spinach escaped complete destruction. The ultimate effects of low temperatures on these crops has not been finally determined.

What effect will the cold spell have upon vegetable supplies? Grant Clark, Agricultural Marketing Service truck crop statistician, says that supplies will naturally be reduced but barring further damage no shortage is in sight. With the exception of a few frosts in California, Clark says, shipping of winter vegetables is proceeding actively in that State, supplemented by imports of tomatoes from Cuba and Mexico at the rate of about 20 cars per day.

The situation with regard to snap beans is the most serious, in Clark's opinion. At this time of year Florida furnishes most of the market supply. The Florida crop is now a total loss. But those people who absolutely cannot do without snapbeans may purchase "quick frozen" beans, which are hard to distinguish from the fresh product. And it is estimated that about $4\frac{1}{2}$ million cases of canned beans were on hand January 1.

Clark points out that replanting of these crops is now under way. Snap beans will be available for market in Florida along in March and tomatoes from Florida and Texas in April. While the grapefruit crops in Florida and Texas were seriously injured, California oranges may partially take their place, and large crops of apples and pears held in storage are available.

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QUALITY OF 1939 CORN CROP REPORTED TO BE VERY GOOD

Harvest of the 1939 corn crop brought in grain of the best quality in many years. Of 13,581 carloads of corn inspected through January 15 at 10 representative markets in important producing areas, 90 percent graded No. 2 or better. Only 68 percent of the 1938 crop corn inspected at markets in the same area graded as high. The unusually good quality of the 1939 crop is attributed by Federal grain inspectors to a favorable growing and harvest season and to the more general use of hybrid seed corn.

The Stamp Plan, inaugurated in Rochester, N. Y. last spring has aroused a great deal of interest as it has been extended to other cities and areas. It has been widely commended as a means to reduce farm surpluses and, at the same time, to help those in need. The Stamp Plan is administered by the Federal Surplus Commodities Corporation.--Editor

THE STAMP PLAN--A TWO-FOLD PROGRAM

A new method to broaden the market for farmers' agricultural surpluses and to encourage wider consumption of these products is being employed by the Federal Surplus Commodities Corporation through the Food Stamp Plan. The Plan was developed after several years of experience with programs designed to improve selling conditions for farmers through direct purchases of surpluses by the Corporation and their distribution to State welfare agencies for relief use. Unlike the direct purchase and distribution programs, the Food Stamp Plan utilizes normal channels of trade to direct the flow of surplus commodities from the farm to the people in need.

Both the Food Stamp Plan and the direct purchase and distribution activities endeavor to improve marketing conditions for farmers by encouraging direct increases in domestic distribution and consumption of agricultural commodities which are produced in surplus quantities. The Food Stamp Plan, however, is an attempt to provide a more effective way of expanding the farmers' domestic market.

The Stamp Plan was tried out in Rochester, N. Y., in May 1939. After a period of experimental operation in this and five other cities, results were encouraging enough to warrant a gradual expansion. By January 25, 1940, the program was operating in 27 cities and areas and scheduled to go into effect in 15 more. It is contemplated that the Stamp Plan will be extended to possibly 125 areas in all by July 1, 1940.

Buying Power for the Needy

Under the Stamp Plan, the Federal Surplus Commodities Corporation puts additional buying power into the hands of needy families in the form of surplus food order stamps. Participation is entirely voluntary. Eligible low-income families, who take part in the program where it is in effect, get these stamps on the basis of approximately 50 cents worth a week for each member of the family. These stamps, which are blue in color and have a value of 25 cents each, may be used to buy designated surplus foods at any local grocery store. They are given as an addition to, and not in place of, normal expenditures for food made by the family. In this way, the blue stamps represent new buying power for the family using them and for the business community in which the surplus purchases are made. This new buying power is the magnet which draws increased quantities of designated surplus commodities from the farms through regular trade channels to the ultimate consumer.

Certain safeguards are provided to insure that participating eligible families continue their regular food purchases. In general, these safeguards are provided through orange colored stamps. The orange colored stamps, which guarantee a continuance of regular food purchases, are bought by the participating families. They are good for the purchase of any commodity normally bought in a grocery store, except tobacco and liquor, and can be used in any local store.

Studies show that low-income families generally spend an average of about a dollar a week for foodstuffs for each member of the family. Under the Stamp Plan, therefore, families taking part in the program are required to buy a minimum of \$1 worth of orange colored stamps per week for each member of the family. This is to assure that at least the minimum of regular food purchases is continued.

For each \$1 worth of orange colored stamps bought, the family gets free 50 cents worth of the blue stamps which are good only for buying designated surplus commodities. This means that the food buying power of the participating family goes up from \$1 to \$1.50 a week for each member of the family. Instead of being able to spend 5 cents a meal per person, the food Stamp Plan makes possible the expenditure of 7½ cents a meal per person, the added buying power being used entirely for designated surplus agricultural commodities.

Stamps Redeemed by Treasury

Grocers receive the blue and orange stamps just like cash in exchange for regular stock goods they have to sell. The storekeepers paste the stamps on cards which may be used to pay wholesalers, or cashed at local banks or at the local offices of the Federal Surplus Commodities Corporation. Stamps on the cards are redeemed by the Federal Treasury.

The surplus farm products which may be bought with the blue stamps are designated by the Secretary of Agriculture and listed in official bulletins issued by the Federal Surplus Commodities Corporation. These bulletins are distributed to storekeepers in the areas in which the Stamp Plan operates. The commodities listed as being in surplus vary from time to time in accordance with seasonal or other changes in the market situation for different farm products. A revised list, which went into effect December 15, 1939, authorized the exchange of the following surplus commodities for blue stamps: Butter, eggs, raisins, apples, dried prunes, onions (except green onions), dry beans, fresh pears, wheat flour and whole wheat (Graham) flour, corn meal, hominy grits, lard, certain pork meats, rice, oranges, and grapefruit.

Up to January 25, the following 27 cities and areas had the Stamp Plan in operation: Rochester, N. Y.; Dayton, Ohio; Seattle and King County, Wash.; Birmingham and Jefferson County, Ala.; Des Moines, Iowa; Shawnee and Potawatomie County, Okla.; Springfield, Ill.; Salt Lake City and Salt Lake County, Utah; Allentown, Pa.; Bethlehem, Pa.; Madison, Wis.; St. Paul and Ramsey County, Minn.; Minneapolis, Minn.; Providence, R. I.; Bismarck and Burleigh County, N. D.; Mandan and Morton County, N. D.; Denver and Denver County, Colo.; Sioux Falls and Minnehaha County, S. D.; Wichita Falls and Wichita County, Texas; Little Rock and North

Little Rock and Pulaski County, Ark.; Memphis and Shelby County, Tenn.; Richmond, Va.; San Francisco, Calif.; Macon and Bibb County, Ga.; Portland and Multnomah County, Oreg.; Memphis and Hall County, Tex.; and Portland, Maine.

The following 15 cities and areas were designated for the Stamp Plan, but operations had not started up to January 25: Sioux City, Iowa; Akron, Ohio (including Barberton and Cuyahoga Falls); Hutchinson and Reno County, Kans.; Columbia and Richland County, S. C.; Los Angeles and Los Angeles County, Calif.; Omaha and Douglas County, Nebr.; Lincoln and Lancaster County, Nebr.; Pittsburgh and Allegheny County, Pa.; Louisville, Ky.; Springfield, Mass.; Tacoma and Pierce County, Wash.; Salina and Saline County, Kans.; Wichita and Sedgwick County, Kans.; Topeka and Shawnee County, Kans.; and Greenville and Greenville County, S. C.

Preliminary studies of how the blue stamps are being spent show that about 25 percent of them are being used for butter, the only dairy product on the current list. About the same proportion of the blue stamps is being used for eggs. A little over 20 percent of the stamps are used for fruits and vegetables on the list. Studies being made in connection with the Stamp Plan give special emphasis to the significance to farmers of the operation of the plan. In addition the studies involve the effect of the program on the health and diets of families receiving public assistance.

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LOUISIANA MARKETING PRACTICES

OUTLINED IN EXTENSION CIRCULAR

"Quality Products Forge Ahead" is the title of Extension Circular 196, recently issued by the Division of Agricultural Extension, Louisiana State University. The harvesting, packing, and shipping of various perishable commodities are described in the circular, which is beautifully illustrated.

That Louisiana products have forged ahead in the housewife's favor, says author H.S. Moles, is largely due to a State marketing law which requires packaged vegetables presented for shipment to show on the package the name and address of the shipper as well as the name and grade of the product. Throughout the circular, Moles emphasizes the need for grading and careful handling in order that products may reach the consumer in first-class condition.

Extension workers and marketing officials may obtain copies by addressing requests to the Division of Agricultural Extension, Louisiana State University, University, Louisiana.

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Farmers' total cash income from marketings, commodities placed under loan, and Government payments in 1939 amounted to \$8,518,000,000, the Bureau of Agricultural Economics estimates. In 1938 total cash income from the same sources amounted to \$8,081,000,000. In 1932, when farm income reached the lowest point in recent years, the total cash income of farmers amounted to only \$4,682,000,000.

COOPERATION IN ACTION

. By H. F. Fitts

"To give the most complete and thorough service much of the work of the Agricultural Marketing Service is handled through cooperative agreements with State Departments of Agriculture."

This statement in the first annual report of the Chief of the Agricultural Marketing Service has aroused considerable interest. And rightfully so, for at the present time 282 cooperative agreements are in effect.

With so much emphasis on cooperation with other agencies, it might be well to review a few of the advantages growing out of such agreements. Perhaps the most obvious advantage is the saving in dollars and cents, which results when needless duplication of effort is eliminated. Cost of the work is reduced for both agencies or, as it more frequently the case, the savings are used to furnish a more comprehensive service than would be possible if both agencies were to operate independently.

In the publication of statistical material, cooperation is desirable even if no saving in administrative costs materializes. By their very nature, most statistics are approximations arrived at by careful methods. Even so, it would be highly improbable for two statistical agencies, dealing with the same commodities, to have their reports agree to the last bushel or to the last dollar. But a lack of exact agreement would tend to confuse the public.

Cooperative agreements frequently provide uniform technical supervision of work performed by employees of both cooperating agencies. This makes it possible to coordinate closely the work, and leads to uniformity, reliability, and detail. This is especially true of the inspection agreements which provide that the Federal-State certificates shall be based on the Federal standards.

Legal Authority For Agreements

In the Agricultural Appropriation Act wide and general authorization is extended to the Agricultural Marketing Service to cooperate with outside agencies. The authorization reads: "For the employment of such persons and means in the city of Washington and elsewhere as may be necessary in conducting investigations, experiments, and demonstrations, either independently or in cooperation with public or private agencies, organizations, or individuals."

The items of appropriation covering marketing inspection of farm products, market news service, and crop and livestock estimates (agricultural statistics) provide for cooperative relations in even more specific language, namely, "independently and in cooperation with other branches of the Government, State agencies, purchasing and consuming organizations, boards of trade, and chambers of commerce, or other associations of business men or trade organizations ***." "Independently and in cooperation with other branches of the Government, State agencies,

purchasing and consuming organizations and persons ***", and "in cooperation with the Extension Service and other Federal, State and local agencies."

It is apparent that a substantial legal foundation exists for the inauguration of cooperative agreements designed to provide for the inspection of farm products, the dissemination of market news information, the collection of statistics, and other activities. It is also apparent that the way is paved for the negotiation and execution of such agreements as may be found desirable to effectuate further the authorization of Congress, and to render the broadest type of service possible. This authorization has existed for many years, and the cooperative feature has been prominent ever since these services were first developed.

A Typical Agreement

Cooperative agreements vary a great deal between States and according to the type of service performed. In general, however, the Agricultural Marketing Service agrees to certain stipulations, the cooperating agency pledges itself to others, the special considerations are mutually agreed upon.

A typical inspection agreement, for example, provides that the Agricultural Marketing Service assume responsibility for the training of inspectors employed by the State. Through the Federal supervisor it will issue Federal licenses to such qualified inspectors as may be employed by the State. It also furnishes the standard inspector's notes and certificate forms.

The State, in turn, agrees: to collect fees at a stipulated rate; to reimburse the United States Government for the salary and expenses of the Federal Supervisor; to pay, at a specified time, its share of the overhead expenses; and to pay the salaries of the inspectors and other items of cost in performing the inspection service.

They mutually agree: that inspection certificates shall be joint Federal-State certificates issued in accordance with the rules and regulations of the U. S. Department of Agriculture and the State Department of Agriculture if there is no conflict; that only such inspectors as are mutually satisfactory to Federal and State supervisors shall be employed; and that any licensed inspector is subject to dismissal for substantiated charges of incompetency or dishonesty. Other clauses cover possible changes in administrative procedure as regards the payment of expenses, revisions, convict labor, and abrogation.

The agreements now in effect may be classified generally under the following subjects: Inspection, grading, market news, agricultural statistics (crop and livestock estimates), and a considerable number designated "miscellaneous" under which heading all others are covered. The numerical separation of agreements under these titles show inspection 139, grading 26, market news 30, agricultural statistics 36, and miscellaneous 51.

"Inspection agreements embrace a number of products, namely, fruits and vegetables, dairy and poultry products, tobacco, rice, hay, feed, seed, and pecans. Likewise the "grading" agreements cover canned fruits and vegetables, dairy and poultry products, livestock and meats, and rice. The "market news" agreements cover practically all of these agricultural commodities.

The classification of cooperating parties showing the number of agreements now effective and operative in each class is:

State Departments of Agriculture.....	132
Bureaus of Markets, State Departments of Agriculture.....	11
State Colleges of Agriculture.....	12
Extension Service.....	5
Agricultural Experiment Stations.....	28
Other State Agencies.....	9
Chambers of Commerce, Boards of Trade, etc.	18
Individuals, Corporations, etc.	14
Trade Associations.....	29
Growers' Associations.....	2
Cities.....	2
Miscellaneous.....	<u>20</u>
Total.....	282

Practically all States are now cooperating through agreements with the Agricultural Marketing Service under which one or more lines of work are conducted. Inspection agreements are in operation with 45 States, grading with 19, market news with 23, and agricultural statistics with 34.

(Editor's Note: Mr. Fitts is Senior Administrative Officer in the Agricultural Marketing Service. Much of his work involves the consideration and handling of marketing agreements.)

--PERTAINING TO MARKETING--

The following mimeographs, released by the Agricultural Marketing Service during January, may be obtained upon request:

REPORTS:

The Federal Seed Act Rules and Regulations ... By W.A. Davidson
Shrinkage and Moisture Absorption of Grain--Abstracts and
References By Corinne F. Kyle and E. G. Boerner
Wool Top--Amendments of the U.S. standards, amendments of the
regulations relating to the U.S. standards, and a method
of test for grade.
1940 Crop and Livestock reports. The 1940 schedule of issuance
dates of the various crop and livestock reports is avail-
able. General contents of each report is indicated.

ADDRESSES:

A Quarter Century of Federal Assistance in Fruit and Vegetable
Marketing, C.W.Kitchen; Standard Grades For Livestock
and Meats, H.E.Reed; The Why and How of Apple Grades,
W.G.Meal.